EDITORIAL

What's Wrong with Confectionery Industry?

A Real Job for Salesmanagers

IN reviewing the discussions at the various meetings of manufacturers during the mid-winter convention season just passed it has been interesting to note the various expressions of opinion regarding the ills and shortcomings of the confectionery industry as voiced by executives from different parts of the country. Before making editorial comment on them we have made the following rough outline or tabulation of these "troubles" taken from the proceedings of recent meetings:

Low Standard of Profit, Because—

Letting Other Fellow Do Our Thinking.

Weak Salesmen and Weak Generalship.

Lack of Selling Ability.—Gimbal.

Lack of Originality.

Too Many Items in Line.

Too Many New Items.

Lack of Organized Constructive Cooperation.

Destructive Price Cutting which does not permanently increase any manufactuer's sales, but results merely in lowering the standard of profit for all.

Causes.

Fear of competitive advantage.
Accepting rumors as facts.
Lack of confidence in competitors.
Lack of courage, common sense and selling ability to maintain prices which afford a profit.
If we could eliminate from our competitive influences the things (price cutting) which are done through fear and downright damfoolishness we would have what is coming to us for our efforts. The elimination of these can come as I see it only thru better organization work." —V. L. Price.
A by-product of overproduction.
Over anxiety to sell even more merchandise than our customers can profitably consume.

Unethical Methods and Unsound Practices.

Giving extra confidential discounts.
Having sliding scales of prices.
Giving free goods or extra weight.
Duplicating products of established demand.
Cheap imitations of original "good sellers" which are well advertised.
Encouraging new and more jobbers in frantic effort to get more distribution.
Giving jobbing prices to retailers.
Extending unwarranted credits.

Epidemic of Small Wagon Jobbers, with little credit or merchandising ability, selling small retail trade.

Factors Which Are Destructive to Candy Industry (Influences Which Tend to Lessen Consumption).

Poor eating quality of confectionery.
Disregard of consumers' viewpoint.
Mad desire to manufacture goods to sell rather than to eat.
Absence of an appreciation of confectionery values and inability to sell on quality or merit of the goods.—E. B. Gimbal.
Price the only sales weapon.
Absence of any codes or standards of sanitation and hygiene in the manufacture and handling of confectionery.
Secretiveness and ultra conservatism regarding manufacturing methods.
Lack of good will and confidence of newspaperdom, and public press generally, in the candy industry.
Ignorance of public (and circulation of misinformation and conflicting data) regarding food values and dietetic properties of confectionery.

Salesmen Sell the "Easy Sellers" in which there is little profit—thinking in terms of volume rather than profits.

Salesmen Fail to Observe things in territory and report comment, criticisms and suggestions from their trade which would be of value to the planning department.

Failure to Estimate Sales in advance to enable a reasonably stable production schedule.

Profits Tied Up in goods, equipment, packing material findings, etc., "the morning after" the new seller has had its day.

Ignorance of Costs.

Contributing Causes:
Lack of uniformity of cost finding and accounting methods.
Basing cost figures on lowest cost of material and maximum production (instead of the opposite).—A. R. Scheble.
Failure to check **actual** costs with original or estimated cost figures.—W. H. Belcher.
No control of weights in count goods.

Lack of Good Engineering in layout of plant and installation of equipment, necessitating higher costs.

We believe a "Trouble Chart" or digest of the problems of our industry worked out along the above lines, but more complete and consistently arranged with suggested remedies, will help to clarify our minds and stimulate necessary action to greatly improve these conditions. A sequel to this chart will appear in an early issue.

Does Sales Research Pay?

Suggestions on Market Surveys and How to Make Them Profitable

CONSIDERABLE interest is being shown by sales managers in the subject of sales research. They appreciate that in order to plan sales campaigns wisely it is desirable to have considerable information that is not secured through ordinary channels. As a general rule, salesmen's reports represent little more than the gossip secured from customers. The salesman ordinarily is not of sufficiently analytical turn of mind to dig out basic facts and to separate real information from idle comment. Under ordinary circumstances firms must depend on their sales force for information as to conditions in the field, but some houses are beginning to appreciate that the best type of sales research must be done by higher executives or by trained research men. There are many reasons for this:

First, the salesman does not have sufficient time to discuss questions in detail with his customer. Second, customers will give more serious thought to an inquiry coming from an executive or representative of a firm who has called upon them for the purpose of securing specific information. Third, a thorough inquiry into certain subjects frequently requires that the investigator call upon people who are not candy dealers.

Determining Preferences of the Market

A typical question upon which manufacturers need specific information would be, what is the most popular type of candy in a given territory? Reliable information on this subject could not be secured from dealers alone because each man's viewpoint would be affected by the sales of his particular store. He may have certain hobbies or prejudices which result in his building up unusually large sales on certain classes of candy. It may be that some other dealers have a larger call on particular items which they make themselves or secure through special channels. It is not unusual for certain dealers to build up a wide reputation on single items. This means that any inquiry must include not only the opinion of the dealers who are handling one manufacturer's candy, but also the experience of other stores. The dealers interviewed should represent all classes of stores and a number of different localities. Coupled with this should be an investigation among selected groups of consumers. Such inquiries can easily be made through societies or organizations, provided the matter is handled discreetly.

Here again the groups must represent different classes of buyers.

Evaluating the Survey

Perhaps the most difficult part of sales research is evaluating the information secured from different sources. Data secured should be compiled preferably in a tabulated form. If a hundred people have been interviewed, then the report should classify the replies to indicate the exact percentage of each class to the entire number.

There is always a danger of jumping at conclusions and allowing one's prejudices to influence one's judgment. The majority of people are inclined to exaggerate the information which agrees with their own prejudices and overlook facts which if properly evaluated would lead them to a conclusion which does not agree with their own opinions.

Furthermore, it is not always safe to form opinions merely on one set of facts. In making a thorough investigation it is desirable to select several sources or groups from which information will be secured. The data or replies coming from each group should be tabulated and the results of each tabulation compared to determine whether the percentages or ratios are similar. In many cases the best information can be secured only by experiment or trial. This would be particularly true in the determination of which was the best type of box to attract sales from a certain class of people or for a certain type of candy. This could only be determined accurately by arranging with dealers in different communities to display in a similar manner the two or three different types of boxes that were under consideration. Such an experiment would have to be carried on for several days in order to cover the full range of each dealer's trade.

Different Methods of Approach

A good illustration of two different methods of approach in securing information was given by one manufacturer who wanted to find out which of several boxes was the most suitable for a certain line. On several occasions after he had made up a number of sample boxes he would ask various girls in his office to tell him which they thought was the most attractive box. He soon found that each girl, instead of giving a perfectly natural answer and telling which one made the strongest appeal to her personally, would immediately visualize herself as an art critic and her selection would frequently be one which she had arrived at by a rather complicated process of reasoning as to which one she ought to select or would select if she were a trained artist.

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New Inspiration for Old Salesmen

A Tribute to Good Salesmanship Over Period of 31 Years on One Territory

A SHORT time ago a salesman for a large corporation on the Pacific Coast, the oldest, in point of service, in the company's employ, approached the manager with the doleful statement that he felt he was losing ground in the territory he had been covering for many years. Believing that the salesman's own state of mind was responsible for his pessimistic outlook, the manager attempted to bolster up his friend with encouraging words, but that did not seem to "turn the trick." Seeing that something else was necessary, the manager composed the following letter, which was dispatched to the old salesman's particular customers:

We feel like telling you a little bit of history about our company, in which you have a distinct part without knowing anything about it.

It is this: Mr. George M. Thompson, the white-haired gentleman who has called upon you so faithfully and regularly, with a hearty smile and a firm handshake, has been with this company just 31 years—almost a third of a century, and he is still as hale and hearty as many of the younger folks (making the territory with a grip in their hand).

Starting in with the Portland Cracker Company in 1893, working a while for the Northwestern Cracker Company, then the American Biscuit Company; then for the Seattle Cracker & Candy Company, and since 1912 for the Pacific Coast Biscuit Company—always out of Seattle, and still working.

You individually have helped Mr. Thompson to keep young by buying P. C. B. PRODUCTS and THOMSEN'S BARS. You didn't know that, did you? We just couldn't resist telling you about it. We are proud of him. We are proud of the record that he has established, which is surely a definition of service that one seldom sees in this day and age, and we hope that he will round out many more years in the midst of his friends on the territory, and in the house.

It's a bit of history—that's all.

Yours very truly,
PACIFIC COAST BISCUIT COMPANY.

Here is one of the replies received, which seems to prove that the manager was correct in his analysis of the salesman's difficulty:

Snohomish, Wash.

Pacific Coast Biscuit Co.,
Seattle, Wash.

Gentlemen:

It was with a great deal of pleasure that I noted the contents of your letter of April 15th in regard to Mr. George M. Thompson.

It has been my good fortune to have had Mr. Thompson's friendship during practically the whole of my business career. I can remember quite distinctly my first meeting with "the white-haired gentleman" when he was traveling east of the mountains. I was at that time a small lad helping before and after school hours around the confectionery store of Mr. H. Dun, Palouse, Wash., and I can still vividly remember the pleasure it gave me on being allowed to sample some of the new candies and cookies which Mr. Thompson always had with him.

My next association with Mr. Thompson was in the year of 1903, when, together with my brother, I bought a small cigar and confectionery store in Snohomish. Our total capital of $375 was expended in purchasing such stock and fixtures as were on hand; it never occurred to us how we would finance new stock, and that very day who should come down the street but Mr. Thompson. We explained to him our situation and he told us that would be easy and picked us out a nice stock of candies, etc., prepaid the freight for us and gave us 90 days to repay him. Incidentally, he made arrangements with a Mr. Young, who was traveling for Schwabacher Brothers at that time, to let us have such cigars, tobacco, pipes, etc., as we would need, telling him that he would go good for the amount. This was the beginning of several years of friendly relations with him which were broken only when we sold out the store, and it was with a great deal of pleasure that we renewed our business relationship with him last year.

We assure you that we look forward to Mr. Thompson's regular visits as one does to those of an old and trusted friend and our sincere wish is that we may be able to greet him for a great many more years. We feel sure that this letter could be echoed by hundreds of his friends throughout the territory.

Yours very truly,
(Signed) PHIL McKEE.

What a tonic a letter like this must be to the faithful "knight of the grip" who had imagined himself slipping! Incidentally, we think the manager's idea was an excellent one for cementing good will between house and customer.—Digested by The Radian.

SUGAR REFINERY IN FORMOSA

A primitive sugar mill on the Island of Formosa, showing how the native worker feeds the stock of sugar cane into the small press to obtain the juice, from which the cane sugar is taken by evaporation.

How Production Dep't Helps Sales

IT IS interesting to compare the attitudes of different sales managers towards their production department. In some plants unusual harmony and co-operation seems to exist. In others the heads of the two departments seem to have merely a bowing acquaintance. Some sales managers are exceedingly enthusiastic about the support given them by the factory, while others attribute most of their difficulties to the shortcomings of the manufacturing end.

"There are many ways in which the manufacturing division can help us increase sales," said one sales manager (his real title is director of sales). "We have been able to secure many new customers within the past year or two because our production department has been studying its problem systematically and has found ways of turning out many items at a lower cost. These economies have been passed on to our customer and have resulted in a marked improvement in the volume of our sales."

Continuing, this man said: "We work in close co-operation with the factory, keep them informed of the difficulties that we are encountering, and in return they make such changes and improvements as will enable us to get the business.

"Perhaps we are more fortunate than other sales organizations, because we can depend on our factory to give us whatever we need to hold the trade. I don't see how a sales department can get anywhere without the support of the factory."

Here are some of the reasons given by one sales manager for his ability to outsell his competitors:

"We get customers because of the high quality of our goods and the almost unerring skill of our manufacturing department in producing pieces that have a distinctive flavor and appearance and always of uniform quality. This is due to carefully worked out formulas and manufacturing methods. This quality runs true to standard at all times because our factory has standardized every manufacturing operation. Of course, no organization is 100 per cent perfect, but we believe that our product is more uniform than that of the average factory.

"We are able to give our customers more for their money in the way of quality than our competitors because much has been accomplished by better arrangement of the plant, by improved mechanical equipment, floor plans, layouts, and the increasing of the capacity of our workers. Some of our machines are turning out nearly twice as much as formerly, due partially to improved feeds, faster speeds, but primarily to our 'non-stop' production methods which enable the factory to keep nearly all equipment running continuously at full capacity. The secret of this 'non-stop' method is that we have for years carefully analyzed the causes of delay and have perfected and adjusted our manufacturing facilities and working methods to avoid these dips in production program. The factory is careful to keep machines in good condition at all times through frequent inspection. Work is planned ahead so that there is no hold-up for lack of materials or because some previous process has not been completed.

"As a matter of fact, in one department we are turning out more product with less equipment and a smaller work force than previously. Naturally, our costs are lower than competitors who have not made similar improvements, and we are able to make a profit at prices which would mean a loss to them.

"These conditions also enable us to give customers better service and more prompt shipments. In actual practice we do not need to quote lower prices than our competitors because we find that the reputation which we have established for quality and service results in the better grade dealers giving us preference at the same price."

When the members of a sales force speak so enthusiastically about the production department it is easy to understand their ability to spread this enthusiasm to the customer and to secure business which the less enthusiastic salesman could not get. It is evident that no sales department can be really successful unless it has absolute confidence in the production department to turn out at all times goods that will satisfy the customer and come up to the representations of the salesmen.

The opposite viewpoint was expressed by another man, who voiced his discouragement in this manner:

"Our principal trouble is that the factory occasionally turns out candy which is not up to previous shipments or to the samples on which customers have placed their order. Fate seems to decree that whenever a poor batch is made some of it will be shipped to our most critical customers. This, of course, is due to lax inspection, but it seems to me that if the production department realized that one poor shipment will undo many months of selling work they could find some means of preventing goods of poor quality from being shipped out."

Still another sales manager suggested that the factory should always have plenty of ideas for new goods and be ready to bring them out to stimulate trade when there was a falling off in sales. He urged that the factory should be willing to meet competition whenever necessary, not only in price, but also in style of pack-

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How Sales Dep't Helps Production Profits

"IF THE sales department would only sell what they agree to sell, and not want to switch to something else in the middle of the season, I would be happy," was the reply of a superintendent to the question as to how the sales department should co-operate with the production department.

"Naturally, salesmen are optimists and enthusiasts. They couldn't sell goods unless they were. But by the same token, they are quickly attracted by some new or clever idea."

"Few of them seem to realize what it means to switch from one thing to another after all of our plans and purchases for the season have been made. It costs money to get ready to put out a new item, particularly if special wrappers and packages have to be designed and printed. It also takes time. Once an item has been placed in the line it is should be pushed vigorously and consistently as long as it can be sold at a profit.

"We have to be on our guard not to let the enthusiasm of the sales department over a new idea lead us into the mistake of overproduction. We believe that it is better business to run the risk of not being able to supply promptly all of the goods that can be sold than to have our profits tied up in excess stock, idle equipment, floor space, wrappers, etc., at the end of the 'drive' or season.

"Unsold goods and idle manufacturing facilities represent an actual loss, while orders declined because 'all sold out' seldom represent even a loss of good will, unless repeated too often. It seems to me that customers would have more respect for a house that has such a demand for its goods as to be all sold out than for a firm that always has a lot of left-overs to be worked off. The average salesman never seems to realize that it sometimes pays to turn down an order. To him the refusal of proffered business is almost unpardonable.

"It would aid the production department in keeping its costs down if the sales department were able to estimate more exactly the approximate amount of each item in the line it would sell each season.

"There is another tendency on the part of salesmen which works a hardship on the factory. They concentrate on a few items, generally the easiest sellers, on which—because of competition—there is less profit. They forget that in order to keep down our manufacturing costs we must have enough orders to keep all departments and all equipment reasonably busy. If they concentrate on a narrow range of our line, one or two departments will have to work overtime, while others will be idle. Such uneven production increases our costs. Not only do we lose money in the idle departments, but our unit manufacturing costs go up in the departments working overtime. Overtime work is always more expensive per batch than work done during regular hours. It may seem strange, but when a department is running overtime the output during regular hours falls off, either because equipment is not in as good running order or the crew is too tired to do good work."

In conclusion this seasoned production manager said: "What I should like more than anything else would be for the sales department to be able to tell us more nearly just what they can sell, then stick to this program without switching or running off on a tangent; and, most important of all, keep the sales of each item up to a reasonable proportion of the total, so that we can keep our factory running upon a properly balanced schedule." Several other production men interviewed emphasized the same point.

Another viewpoint was given by another production superintendent, when he said:

"One of our difficulties is with rush orders and special assortments. Men on the road are so keen to please customers that they want to upset the whole production program. They seem to think each case is the only exception and surely 'the firm wishes to accommodate such an old customer, or will be glad to do this little favor to get a new customer started.' Truly, we wish to accommodate if we can do so without delaying deliveries to other customers. Such men seldom realize that a special order which we would welcome in slack seasons is really an expense during rush periods. Neither do they realize that it is unfair to other customers to put the favored order ahead of everything else."

Still a third angle was expressed by a practical factory man, who, in addition to being superintendent, also works out new pieces and new packages:

"I wish salesmen were more observant and studied market conditions thoroughly. We could help them much more effectively if they would keep us more fully informed about competitor's goods and pieces and what kinds of confections sell best in their territories. They could tell us just what the trade in each section wants and give us suggestions not only for new pieces, but as to packages, method of packing and shipping, which would enable us to serve their customers better. Some men never even bother to pass on to us the customers' complaints or criticisms, which they hear on the road. I wish every salesman would carry a special memo book and jot down everything a customer has to say by way of criticism or suggestions. They forget what a customer has said by the time they get back to the factory.

"Here is an incident that illustrates how one salesman failed to give us the information

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A Promotion Plan for Bulk Candies

by George T. Peckham
A. J. Walter Factory, St. Louis

THOSE who heard Mr. Peckham give his address on "Unit Sales" at the Cincinnati candy conference could not help but be more enthusiastic about bulk candy sales. Mr. Peckham conducted the "Quiz" at the annual meeting of the Midland Confectioners' Association last month.

THE subject assigned to me, UNIT SALES, translated into candy terms means the sale of candy in the ordinary unit of purchases; in other words, so pricing and offering our merchandise that the goods may be sold in quantities of 5c and 10c. There is nothing new in this proposition; in fact, we can all remember when sugar was sold in every grocery store at so many pounds per dollar, it being customary for a great majority of housewives and domesticated husbands to make their purchases of sugar in that particular unit of sale. We did not see sugar advertised at so much per pound but at so many pounds for a dollar.

Of course, grown men and women do not experience the embarrassment when going into a store to make a purchase that is experienced by a child, and while at present I think the greater proportion of the candy which is made and sold is consumed more by grown people than was the case in the past, we must, nevertheless, keep in mind at all times the fact that children are the biggest purchasers and consumers of candy, that is, aside from high-priced package goods, which is a class of candy to which I am not giving any consideration in this talk. What I am primarily interested in is the sale of bulk candies.

The Pulling Power of a Popular Price

One of the greatest reasons for the tremendous increase in business on so-called bar goods is the fact that these goods have been priced at the POPULAR unit of sale, either 5c or 10c. To a very great extent they have replaced Penny Goods in the stocks of many of our customers, as children these days seem to find it about as easy to collect a nickel from the old man as it was when you and I were children to dig up the festive penny.

Please understand that I have nothing at all against the sale of Bar Goods. I make more or less of them myself and wish it were possible for me to sell ten times as many of them as I can sell; nevertheless, if I could operate my factory to full capacity on bulk candies, I would much rather do it than to make Bar Goods, and I believe the rest of you feel the same way about it. What, therefore, we must consider is what we can do to further the sale of bulk candies.

30 Years Ago and Now

It has been said that everything works in cycles. A number of you at least will remember that thirty years ago the business was possibly pretty evenly divided between bulk goods and Penny goods. A little later the whole country, like a flock of sheep, seemed to rush into the manufacture and sale of pail specialties; to such an extent, in fact, that many manufacturers formerly engaged almost exclusively in the manufacture of Penny Goods discontinued their Penny Goods almost entirely and devoted their efforts almost exclusively to the manufacture and sale of pail candies.

Again the wheel has turned around and we find that where twenty or twenty-five years ago most of the candy was sold, with the exception of a few of the larger cities, by manufacturers catering directly to the retail trade or by large jobbers with a number of men on the road selling to the retail trade, we now find the prin-

cipal means of distribution of candy to the retailer is through small jobbers. This, to a considerable extent, is due to the fact that this country has been building roads. The development of the automobile in connection with the good roads has made it possible for men of very limited means to engage in the candy business. They buy a small truck, a few hundred dollars worth of candy and right away they are jobbers. This condition is not confined to any one section of the country but seems to be pretty general throughout.

In the stocks of most of these small jobbers you will find very little, if any, bulk candies, aside from a few 5-lb. box items, their business being confined mainly to Penny Goods and Bar Goods. It is not a difficult proposition for them to convince the retailer that he should confine his business almost entirely to this particular class of merchandise, as we are all prone to work along the lines of least resistance and many retailers do not like to bother to count out a certain number of pieces of candy for a nickel or to weigh out two or three ounces of candy for a nickel or dime. They would rather have something already prepared for sale. The consumer really has nothing to say about it; he takes what is offered to him and is satisfied.

Profit from Volume Sales in Small Units

As a matter of fact, gentlemen, the biggest retail distributors of candy in the United States today are the chain stores and the retail candy stores. It is a common supposition that the reason chain stores sell so much candy is because they sell these candies cheap. This undoubtedly has something to do with it. I do not believe, however, that the price they make on their merchandise is the real reason why they sell so much of it. Certainly candy stores located in prominent and expensive locations are not giving their goods away. They are selling good candy at high prices and are making a profit.

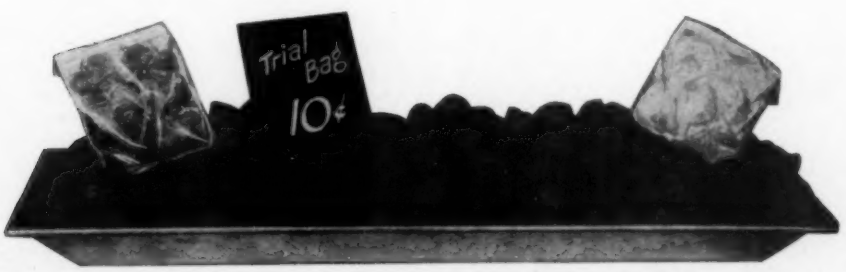
If you will visit any 5c and 10c store you will find that while they may have a few items in candy which they do sell at a pretty low price, as a general proposition they are getting a pretty good price for what they are selling.

The real reasons why the chain stores and the candy stores are selling such a tremendous quantity of candy is that, in the first place, they are making an attractive display of these goods; and in the second place, they are pricing these candies at so much for a nickel or so much for a dime, thereby relieving the prospective purchaser, who has maybe only a nickel or a dime in his pocket, or who desires only a very small quantity of candy, from the necessity of asking how much he can get for 5c or 10c. The easier you make it for your customer to buy, the more sales you are going to effect.

Candy is something which is purchased on impulse rather than from premeditated intent, and the attractive display of good bulk candy conveniently priced is going to result in business. I believe you will agree with me that the average consumer of candy had rather buy a nickel or a dime's worth of candy consisting of from a half dozen to fifteen or twenty small pieces in a little paper bag which he can put in his pocket and which can be consumed at his convenience than to spend a like amount of money for one big hunk of candy which, on account of its character and consistency, he has to eat up all at one time or else throw away.

Therefore, if we are going to increase our business and our profits we must give consideration to the consumer, and in our efforts to this end we must put in a whole lot of hard work educating the retailer. Work is the only thing that ever got anybody anywhere. We must work ourselves to produce the right kind of bulk goods; we must work on our salesmen, giving them proper information and seeing to it that they are properly enthused, so that when they call on their retail customers they can give them real information and help which will be of value and assistance to them in the sale of their goods at a profit.

Much can be accomplished by us in getting up unique packages. Only recently one of your members, Mr. Carl Graeser, put out an assortment of candies packed in display caddies to be shown in racks and I understand that this proposition met with a great deal of success and that this particular package is being used quite extensively in different parts of the country for the display and sale of bulk candies.



The Home Drug Co. of Chicago Say That 75 Per Cent of Their Bulk Sales Are in the Form of "Trial Bags at 10c and 15c."

Hang Together or Hang Separately

by Walter H. Pritz

President, Cincinnati Candy Association

Opening Address at the Candy Sales Conference, Cincinnati, Feb. 5-6, 1925.

IN welcoming you to this, the second sales conference which has been called under the auspices of the Cincinnati Candy Association, we welcome you both as individuals and in a far more important sense, as stockholders in a new order of business. Each and every one of you as a stockholder has it in your power to promote a more profitable state of affairs in the large corporation called the candy industry and by reflected benefits in the small subsidiaries of that corporation, namely, your individual business. This is an age in which development in transportation has brought the four ends of the earth into one's own back yard. The United States as a nation can no longer stand aloof and say that we have the Atlantic ocean on one side and the Pacific ocean on the other, so why should we worry? The oceans are being made into ponds by swift moving steamships, by aeroplanes and by dirigibles. Just as we, as a nation, have become merely one of the other boys in the neighborhood gang of nations, so has the jobber today lost his peculiar isolation and has become one of the gang with all of the rest.

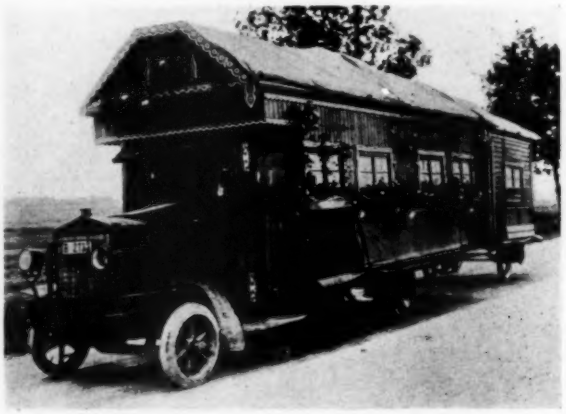
Good roads and automobiles have caused to disappear forever the private territories of the individual jobbers. Each jobber today is camping on the trail of his next door neighbor who is still a neighbor although he may be operating from a point a hundred miles away. The jobber today has to face a different set of circumstances than the jobber of ten years ago faced. The jobbers today by reason of the very neighborliness of their operations, have got to operate in a neighborly manner or the landlord in the shape of a sheriff will sooner or later evict them from the premises. The jobber can no longer afford to fight his fellow jobber for his fellow jobber has become a neighbor on rubber tires and it is this need for neighborly cooperation for mutual benefits that is responsible for the calling of this Sales Conference.

The whole economic trend of the times is to get together and in the words of one of our Revolutionary patriots, "We must all hang together or we will hang separately," and it is the earnest hope that everyone of you will leave this meeting with a clearer vision of what lies before you and with a 100% determination to capitalize the new state of things in the candy business.

To operate as a neighbor, *with* your neighbor and to receive the benefits which come from such operations, you are not being asked to be neighborly from the point of view of a Sunday School lesson. It will be pointed out to you rather that it is to your interest to be neighborly from an entirely selfish motive, that motive being that it pays to be that way. In being neighborly with your competitor you must not forget being neighborly with your customer. Your customer is the man who makes it possible for you to exist. Your customer is primarily interested in selling his goods and not in buying them. Your customer is interested in receiving from you any helps, any suggestions or any services and cooperation which will assist him in selling his goods.

If you can sell your customer on the idea that they can look to you for sales helps and sales services and constructive suggestions on how to sell more of their candy which they buy from you, they won't bother you for a lower price and play one jobber against the other for a free deal or a five-cent a box advantage. Why won't they do this? Because they don't have to. They will be selling their goods rapidly because you have shown them how to do it and that is another thing to carry away from this meeting, gentlemen.

Therefore, if you men leave this conference thoroughly sold on both of these points, that is, the necessity for being neighborly with your competitors and the necessity of being neighborly with your customers, this conference will have been worth while.



A Candy Industry on Wheels

An Austrian nobleman, Franz Von Schlechtleitner, a confectioner of Innsbruck, has had a unique motor van built, taking as a model a picturesque Tyrolese cottage. There is a porch on the rear, curtains on the tiny windows and real flowers before them. The interior is divided in a parlor and kitchen, while the bedrooms are upstairs on the second floor. A small trailer attached holds the goods and provisions. By means of a few additional boards carried on the sides and roof the van is quickly converted into a candy shop. Herr Schlectleitner and his wife make in the kitchen delicious sweetmeats. In this strange conveyance, accompanied by their three children, they are selling candy in the towns and villages they visit and making an excellent living.

Relation of Advertising to Capital Turnover

by J. K. Mason

Treasurer, New England Confectionery Co.

ANYTHING that will speed up the turnover of capital will show very noticeably in the percentage of net profits. Advertising is commonly looked upon as a builder of sales, as a means of assuring stability in a business, of guarding against competition, of breaking into markets; but one of its most important accomplishments is the result it frequently has upon the turnover of capital in a business.

For example, a certain firm with the aid of advertising has been able greatly to simplify and standardize its line of manufacture. As a result of this change the turnover of its inventory, has increased about 50 per cent. Consider the effect that this simple fact may have upon the net profit statement. It has reduced a range of three grades of merchandise to one, eliminated many styles and concentrated its business upon a smaller variety. It is now able to produce the same volume of sales as before with two-thirds the inventory. The following figures show the condition "before and after"—the figures are assumed:

	Before	After
Fixed investment (buildings, plant and machinery)	$1,000,000	$1,000,000
Inventory	2,000,000	1,333,333
Total capital investment	$3,000,000	$2,333,333
Sales (at cost)	4,000,000	4,000,000
Turnover figured on capital investment	133%	188%
Net profit on sales at 5%	200,000	200,000
Percentage of profit on capital	6.7	8.5

In other words, because of simplification aided by advertising, the total capital required in the business has been reduced by $670,000. The same net profit in dollars amounts to 8.5 per cent net on investment instead of 6.7 per cent.

Keeping Plant at Capacity Production

To produce any line of merchandise requires a certain minimum of investment in machinery and plant space. Resulting sales may not be sufficient to keep the equipment working at full capacity. If such lines are produced on machinery which can be turned to no other purpose, then an *inventory* turnover of two or three times may actually mean a *capital* turnover of one or less, considering alone that section of the business involved. The merchandise may turn fast, but total capital investment used to produce it would turn slowly.

Production under capacity slows up the turnover of the total capital involved. Where such a condition exists, advertising may be used to move up the sales to a point where the minimum investment, both fixed and active, may make a profitable number of turns.

How Advertising May Speed Up Collections

Another way in which advertising influences capital turnover is through a reduction in the time money is outstanding before it is collected. A business which advertises is usually in a stronger position from a credit-giving standpoint than one which does not. The non-advertiser is often persuaded to give extra long terms in order to secure business. The firm that advertises is more likely to find this inducement unnecessary; and further, it can be stricter in enforcing its collections.

What does this mean in its relation to capital turnover? Consider first the following table, which shows, with assumed figures, the basis of calculating the turnover of *working* capital:

Average number of day's inventory on hand	30
Average number of days required for replenishment (stock on road)	14
Average number of working days it takes to collect money after shipment	60
Total number of days	104

It will then take 104 days for a given dollar of working capital to turn—that is, from the time of ordering a dollar's worth of goods it will be 104 days before that dollar comes back into the manufacturer's hands. If we figure that he takes ten days to pay for his own goods—assuming that he is taking discounts—then the figure is ninety-four days, representing one turnover of working capital. This figure also determines the amount of working capital required—that is, it will be necessary for this manufacturer to have a supply of money capable of financing the cost of ninety-four days' sales.

Now if, through a strong position secured by advertising, this manufacturer can reduce the sixty-day period of outstanding credits to forty-five days, he has reduced the ninety-four days' turnover of working capital to seventy-nine days.—*Digested by The Radian.*

Cleanliness Sanitation and Hygiene in the Manufacture and Handling of Confectionery

Fundamental Steps of a Pure Food Foundation — for the Confectionery Industry

Pure candy begins with a clean conscience—an instinctive desire to produce and handle confectionery under the most wholesome, healthful working conditions.

A survey of sanitary conditions, policies and methods is being made as a basis for drafting a code and manual of cleanliness, sanitation and hygiene for the manufacture and handling of candy. Such a manual will contain suggested standards and methods for the guidance of superintendents in maintaining proper factory conditions. The co-operation of our readers is especially desired.—Editor. ....

Show Public How and Where Candy Is Made

A Talk Before the Midland Confectioners Association

by A. R. Scheble

of Richard-Scheble Candy Co. of Hutchinson, Kansas
President, Midland Confectioners Association

HAVE almost concluded I should cast my notes aside and ask you not only why in thunder did you get in the candy business, but why do you stay? I have also come to the conclusion that while the Eighteenth Amendment drove the bars out of the saloon business it drove them into the candy business. The only difference, it seems, is that in the saloon business the bars were profitable and in the candy business they are the opposite.

The Public Controls Our Business Destiny

Generaly speaking, I think that we are in the business we are in through the grace of God and the will of the public. If either one of them didn't want us in the business we are in, they'd push us out in due course of time. The determining factor in our business destiny is the public. Whatever trade, profession, line of business we tackle we are working for the public, whether we realize it or not. We tackle one job or profession or line of work and if it does not suit the public we are forced to change. We tackle something else until we finally land in some niche in which the public says we belong, and they allow us to remain. This, of course, depends a lot upon our own energy, effort and ability, but at the same time the public is the judge and passes final judgment. Therefore the consumer's viewpoint should be the prevailing and deciding factor in shaping our business policies.

Now, why are you in business Why am I. We, no doubt, would have a very interesting meeting here this afternoon if we were each to recite the experiences that we have gone through in arriving at the present stage of our business life. As for myself, I am in business because I could not afford to go away to school to study law, as was my desire. I am in the candy business because it was the only opening at that particular time in my life when I had $500 and wanted to get in business. I am still in the candy business because my business associates and myself have succeeded in convincing the public we could furnish them something they wanted in the way they wanted it at the time they wanted it. The public has apparently approved and we continue in business, even in view of the fact that we were flooded out once and burned out twice.

A great many men are in the candy business today because the field looked good to them, even though they had no previous experience or knowledge of the business, but because they saw some of us succeeding they decided to tackle the game. Luckily for those of us here, however, all of those who tackle the game don't succeed.

Public Has Wrong Impression of Candy Industry

One of the main reasons so many start in the candy business is because it requires very little capital to start business and credit seems to be the easiest thing there is in the candy game. While those of us here today regret that that is so, no doubt we considered it a godsend in our own business. Because of the fact so little capital is required our industry is not controlled by large factories or trusts. These conditions have their advantages as well as disadvantages. The fact that there are so many little firms in the candy business tends to lessen the dignity of the profession in the eyes of the public. The public does not seem to lealize the magnitude and importance of our industry. I refer to that part of the industry that extends beyond the candy kitchen. The pub-

lic's idea of a candy factory is a small pulling machine in a store window.

It used to be a well accepted fact that a candy factory was dirty, and that fuller's earth and glue were the main items of raw material; although some of us resented some of the angles of the Pure Food Laws when first they were presented, we will have to admit nothing in the last twenty years has tended to foster the legitimate candy factory and dignity it more than these Pure Food Laws, These, together with the advertising campaign that our National Association has put on, has proven to the large majority of the public that good candy cannot be made out of anything but good clean raw material.

Open Factory Doors to Public

If you operate a good clean candy factory you can do yourself more good and also help to elevate the whole industry more by encouraging the public to visit your factory than any other way I know of.

This is a nuisance and an expense, you say, but so is advertising. You will find visiting of your factory by interested parties money well spent. We encourage visiting of our factory by school classes in particular. We have had classes in Domestic Science come as far as fifty miles as a class, with their teacher, to go through the candy factory. I give them every attention possible, explain processes to them, and they usually go home and write essays. The Boy Scouts and the Y. M. C. A. boys go through on Saturdays, and they, or we, give a prize for the boy that writes the best essay. Lots of times the essays are published in the paper.

It is a selfish view to take in more ways than one. If any one thinks a candy factory is dirty the visit to the right kind of factory will remove those prejudices. And another thing, the boys are your customers for a long time to come if they know your plant. They do a lot of advertising. It is a nuisance. You have got to limit the times and places, but the good news certainly spreads fast when people can find that the candy is made cleaner and better than they had an idea it was.

Justifying Re-Sale Price of Candy

Another thing, most people are of the opinion that all you use is a little sugar and glucose and dump it in a kettle and stir it up and dump it out and you have candy. They don't realize the work it takes. Customers and business men come and say "I can realize now why I have to pay so much for a box of candy. I had no idea you have to put all this time on a box of candy." You thus overcome a lot of prejudice against $1 a pound for a box of candy.

I think if you will take that into consideration for a while you will find it a mighty good investment . . . and now that we are in the candy business we should give the public what they require and expect in the way of quality, service and salesmanship.

Quality, Service, Salesmanship

While this motto "Quality, Service and Salesmanship" may not be inscribed over our door or on our stationery, nevertheless it should be the basis of our business policy. We should strive to put the quality into our merchandise that the consumer naturally expects for his money. By doing that we will create friends and customers for the merchants who handle our products.

We should strive to continue to improve our service so that we may serve our customers better than our competitors can serve them. This is an added selling argument, as well as the completion of the bargain that we made when we made the sale. You don't usually make a sale unless you promise service. If you don't give them much of a promise you don't complete your sale. We should endeavor to be represented by such salesmen as can live up to our idea of business and moral principles.

A portion of any complete sale or the transfer of property is that the goods are honestly represented and that the salesman's knowledge of the goods does not take advantage of the buyer.

Quality, service and salesmanship are three muchly used words applied to business, but these three are the stepping stones to the success of any business. You remove any one or all of them from the foundation of business, and you undermine its future.

Personal Attention

None of these elements of success or any other will succeed 100% without some personal attention of the man higher up. Many men have failed in business because they expected their business to succeed without giving it any personal attention.

Carnegie said if a business is worth any of your time it is worth all of it. The majority of people don't put to exceed 25% of energy and ability in the business. The world takes off its hat to the few who put more than 50% into their business. It stands on its head for the few and far between souls who put 100% into their business.

Inasmuch as we have gone into the candy business and have chosen the candy business, let us be a credit to the industry and conduct the business in such a way not only that we will be proud of ourselves but we can demand the respect of the business world in general. (Applause.)

MR. BAER: I would like to ask Mr. Scheble to what extent they encourage people to go through their factory—do they give them invitations?

MR. SCHEBLE: Only this, if the head of a Boy Scout troop or a teacher asks to bring them up and show them through the factory, we let them. We have a sign on the door that visiting in our factory is limited to Wednesday, except to customers. If a customer happens to be in on Tuesday we don't want him scared out. On special request we will take them through at any time, on Sunday, if they want to see a plant that is not working, but we select a time when there is something of interest. We usually divide them up in groups. We have had as high as fifty or seventy, and we take them through from ten to twenty at a time. That may not be possible in the larger factories or larger communities, but we are trying to sell ourselves to the community as far as we can reach, and it is mighty cheap and effective advertising.

CHAIRMAN PECKHAM: I think Mr. Scheble brought out a splendid idea there when he spoke of entertaining groups of boys and girls who for educational purposes desire to visit our plants. We should be proud of our plant. We should keep them in a condition so that we have a right to be proud of them, and we ought to be very glad to render such educational service as may be possible in that way, not only for the benefit of the coming generation, but for our own benefit at the present time. As Mr. Scheble has said, these boys and girls are our customers, and the more we can show them about our products the more apt they are to purchase our products. They are the best advertisers in the world. This is one advertising medium which costs so little that it is not worthy of consideration from that standpoint, and may be made of greater value than a great many other mediums of publicity and advertising which do cost a great deal.

MR. BELCHER: It is a fact that allowing people to go through your factory is a good thing. It applies just as well to a large factory as a small one. It is tremendously good advertising. It is cheap advertising. It costs a little time and effort and a few bars of candy but you can't begin to tell the benefits.

In our own case we are on the visiting list for the Domestic Science classes of Simmons College and Harvard College. It is eminently worth while.

Welfare and Cleanliness in Norway

A Close-up of the Ideals and Personality of Norway's Chief Factory Inspector—a Woman Who Is Internationally Known in Industrial and Labor Circles:

FRU BETSY KJELBERG

Chief *Fabrik Inspektor* of Norway

SOME people call her "the woman who took away Norway's hot breakfast rolls," because it was largely through her efforts that night work was abolished in bakeries. Some people call her "a feminist leader" because she had a prominent part in winning votes for the women of Norway, has served on several royal commissions, been decorated by King Haakon, and has been a member of every commission which Norway has sent to the International Labor Bureau. But there are those to whom she always will be known as "the woman who borrowed the Norwegian House of Parliament to serve as a lodging house for three American women," delegates to the International Council of Women, who arrived late at night after all available accommodations at hotels had been taken.

And perhaps the incident of the borrowed house of parliament illustrates as well as could any, the initiative, resourcefulness and freedom from traditional thinking which are outstanding qualities of the successful career of Betzy Kjelsberg, chief *fabrik inspektor* of Norway.

Filing cases in the outer room of Fru Kjelsberg's office in Oslo contain a complete record of Norway's 8,000 factories. The filing cases are adopted from the United States as a result of Fru Kjelsberg's investigations when she was Norwegian delegate to the Washington labor conference. "I have learned much from the United States," she says.

Because she has reached out for the best in other countries, she has brought into Norway's industrial life many of the proved plans and successful experiments which have been tried out elsewhere and at the same time she has helped to make Norway better known in other countries. She has been in the United States, England, Finland, and Germany, as the holder of a public traveling scholarship, and she has studied factory supervision in Finland, Germany, Switzerland, Denmark, Holland and Sweden.

Fru Kjelsberg can cram her day as full as any New York or California clubwoman, going from one task to another with the energy, the lightheartedness, the facility which the American woman has come to regard as her own.

Fru Betsy Kjelsberg

Half an hour for her mail. A taxi to reach the first factory on her list for inspection. A start up the inner steps toward the great rooms where the machines hum. Fru Kjelsberg is missing. The manager of the factory gives a little laugh.

"That is her way," he remarks. "You and I will go on as though we did not notice her absence. She is poking in some corner of my factory looking for a speck of dirt or an abused employee. Presently she will be here."

Presently she is. But with no mention of her absence. The factory manager drops his polite air of detachment for an instant as his eyes indicate his question. Then a relieved smile crosses his face. Apparently the speck of dirt and the abused employee have not been found.

The Model Confectionery Plant

A little later. A factory after Fru Kjelsberg's own heart which has tried out some of her cherished schemes for employes. It is a chocolate factory

(*Continued on Page* 31.)

This is a scene in the choloate factory where Fru Betsy Kjelsberg has been able to put into practice some of her pet schemes for employees—a plant after Fru Kjelsberg's own heart because it represents in everyday practice her own ideas and ideals in factory operation. The chocolates are made and packed by white clad workers under the most modern conditions of cleanliness and hygiene.

The Annual Convention and Exposition of the National Confectioners' Association

Reports received from the hotels in Boston would seem to indicate that we will have a record attendance at our Forty-second Convention, which as announced will be held in the Paul Revere Hall of the Mechanics Building on Huntington avenue.

The Paul Revere Hall is on the floor above the Exhibition Hall in which the Exposition will be held.

Restaurant service will be provided, and there are numerous smaller halls adjoining the Paul Revere Hall which will be used for committee and group meetings.

We are working on the Convention Program, a summary of which will be ready at an early date. We can, however, assure our members that it will include practical worth while features, such as group meetings, and short talks on timely topics, with full opportunity to discuss all subjects brought up for consideration. It will be our aim to make the program of practical benefit to all and at the same time of an interesting character.

The entertainment features are in charge of a committee of which Mr. George F. Schrafft is chairman.

We are informed that his committee is hard at work and have lined up a program that will be a rare treat to all of us.

We urge all of our members to lay aside "dull care" for a week and enjoy the hospitality of our Boston friends. The Convention will be worth while, the Exposition will be worth while, the entertainment will be worth while and it will be more than worth while to meet old friends and make new ones. If you have not made your hotel reservation do so at once. Details relative to location and rates will be sent on request.

The Exposition of Supplies and Equipment

The Second Annual Exposition which will be held in the Mechanics Building, Boston, on June 1st to 5th, inclusive, is coming along in fine shape.

The announcements have been out only about three weeks and we have received applications for over 12,000 square feet, more than one-half of the total exhibition space, which assures the success of the Exposition.

We have received a number of enthusiastic letters from the exhibitors telling us their plans relative to their exhibits, many of which will be exceptionally novel, attractive and very interesting.

The Exposition offers an exceptional opportunity to the allied trades to display their products at a minimum cost.

We are giving them the benefit of a very low rental charge, averaging about $1.25 per square foot, which is much lower than the charge customarily made by other industrial expositions.

Furthermore, the Convention and Exposition for the first time will be held in the same building which will assure a one hundred per cent attendance at the Exposition.

We do not expect to make a big profit. We want the exhibitors to have all the benefits, it is their Exposition and with conservative, economical management and the loyal support of the allied trades, we will be able to repeat last year's good record and have a little balance left over after all expenses are paid.

The following is a partial list of firms whose applications for one or more booths have thus far been received:

American Can Co., Chicago, Ill.
American Machine & Foundry Co., Brooklyn, N. Y.
American Scrubbing Equip. Co., Hannibal, Mo.
The Aridor Co., Chicago, Ill.
Atlantic Gelatine Co., Woburn, Mass.
Bendix Paper Co., New York.
Bettst Products Co., Chicago, Ill.
Emil J. Brach, Chicago, Ill.
The Brunhoff Manufacturing Co., Cincinnati, Ohio.
B. H. Bunn Co., Chicago, Ill.
Clinton Corn Syrup Refin. Co., Clinton, Iowa.
Crescent Manufacturing Co., New York.
Dennison Mfg. Co., Framingham, Mass.
Essex Gelatine Co., Boston, Mass.
Ferguson & Haas, Inc., New York City.
Fleischmann Transportation Co., New York City.
Foote & Jenks, Jackson, Mich.
The Foxon Co., Inc., Providence, R. I.
The Franklin Sugar Refin. Co., Philadelphia, Pa.
H. L. Hildreth, Boston, 18, Mass.
Kay White Products Co., New York.
H. Kohnstamm & Co., Inc., New York.
E. R. Knott Machine Co., South Boston, Mass.
Lovell & Covel Co., Boston, Mass.
Thos. Mills & Bros., Philadelphia, Pa.
Magnus Mabee and Reynard, Inc., New York.
National Art Co., New York.
National Bundle Tyer Co., Blissfield, Mich.
National Equipment Co., Springfield, Mass.
The Newcraft Co., Inc., Boston, Mass.
New England Paper Box Co., New Haven, Conn.
The Nulomoline Co., New York.
Henry H. Ottens Mfg. Co., Inc., Philadelphia, Pa.
Package Machinery Co., Springfield, Mass.
Read Machinery Co., York, Pa.
Savage Bros Co., Chicago, Ill.
F. J. Schleicher Paper Box Co., St. Louis, Mo.
Harold A. Sinclair, New York.
Wm. J. Stange Co., Chicago, Ill.
Geo. H. Sweetnam, Boston, Mass.
United Chemical & Organic Products Co., Chicago, Ill.
United States Foil Co., Louisville, Ky.
P. R. Warren Co., Everett, Mass.
White-Stokes Co., Chicago, Ill.
H. O. Wilbur & Sons, Inc., Philadelphia, Pa.
John Werner & Sons, Rochester, N. Y.

The Retailers' Convention

The Annual Convention of the Associated Retail Confectioners will be held in the New Ocean House, Swampscott, a suburb of Boston, on June 1st, 2d and 3d.

Secretary Blatner of that organization tells us that he expects a large attendance.

The Convention and entertainment programs have been so arranged that the retailers will be given an opportunity to see our Exposition and take part in the regular sessions of our Convention held on Thursday and Friday. They will be very welcome and we will be glad to have them with us.

Constructive Cooperation

by V. L. Price

President, National Candy Co. and Director of Publicity, National Confectioners' Association

I FEEL safe in assuming that amongst you are men representing businesses which during the year 1924 produced very different results in respect to net profits. With some of you 1924 was a good year—with others it was a poor average year and with others it was a bad year. You all had to confront the same general business conditions and had more or less the same opportunities, which goes to prove that success in a measure is a matter of individual policy and indivdiual courage and ability in carrying out that policy, but regardless of this deduction we can't get away from the fact that the conditions within our industry have a strong and almost irresistible influence upon the results of every one of us.

Though the year 1924 was not a good year, measured in terms of general business conditions, we all must admit that it could have been a much better year if the foolish things which were done by our competitors and by ourselves were not done. If we had secured one cent per pound more for our products it would not have affected their consumption and would have added that little something necessary to give us a proper profit return from our efforts and investments. And the reason for the absence of that little difference is that our methods of cooperation are lacking in constructive effort.

Candy Organizations Not Functioning Efficiently

Compared with other industries, which are equally as competitive, we are poorly organized at least such organization as we have does not function as intelligently as it should. We resort to old time methods which are very much out of date and view our organization expenditures not as an expense that will bring to us profit in excess of that expense but as an added expense without a commensurate return.

This naturally leads to the feeling that there isn't much need for an organization after all and the reason most of us continue to belong to our organization is because we would feel like a piker if we left it and also are afraid to cut ourselves loose from our competitors for fear of what might happen if we all went it alone with no friendly contact with each other. So, in fact, we really do believe there is some value to getting together and keeping eogether though such results as we gain from so doing are far from satisfactory.

The skeptics have killed the goose that might have laid golden eggs for us all. It is the skeptic who thinks or at least accuses all his competitors of being crooks, who believes everything he hears about his competitors and who sows in the minds of others the same thoughts and beliefs. If we can reduce our supply of skeptics we will make a big step forward in correcting our faults.

Courage and Common Sense

We have in our industry men of ability and brains *but many of them are lacking in common courage and common sense and if we could eliminate from our competitive influences* the things which are done through fear and through downright damn foolishness we would have what is coming to us for our efforts. The elimination of these can come as I see it, only through better organization. If we would all go it single-handed and be dependent upon rumor alone for our information we would have chaos and a condition much worse than now exists, though I realize that even under such conditions there would be some who would succeed, but there would be fewer of them than there are now.

Broad Interchange of Prices

We can't get away from the fact that we are competitors and that as competitors we create market values for our products and that the nearer we can get to the absolute knowledge of what those values are the more intelligently can we conduct our businesses and better control our sales forces.

The New York Stock Exchange is a place where sales of securities are recorded and the prices at which these sales are made represent the market values of these securities. Now let us suppose that we owned some securities listed on the Stock Exchange and that the Stock Exchange suspended and we had no source of information as to the value of our securities and some fellow came along and wanted to buy them. Don't you see that we would be at the mercy of that buyer. It would create a financial disaster if the Stock Exchanges or Boards of Trade closed because they are the sources of information of market values. Well it would be the same thing if we didn't know our competitor's prices. We would be at the mercy of the buyer and the buyer's mercy is wholly selfish.

I fully appreciate that prices are not uniform but even so there is an immense value in knowing what prices are being made by our competitors and instead of basing our aims upon uniformity of prices we should first lend ourselves to a more diligent effort in educating our industry to a broader and more prompt interchange of prices and set up an organization to produce this interchange.

Destructive Effect of Rumors

The other day I received a report that one of our competitors, whose competition we recognize, was underselling us two cents per pound. I knew this competitor couldn't do this profitably and I set about to find out whether or not the report was true

and I found that it was true, but the reason given me was to meet another competitor. Then I took up the question with the other competitor and he told me it was so and that he had done it to meet the competitor whom I first wrote to. Of course I knew that one or the other had started the trouble and I finally succeeded in getting the name of the customer to whom the price was made and knew him by reputation as being a first class indirect liar.

I finally ran the thing down and found out that the second fellow I wrote to was the first offender. I'm glad to say that as the result of this experience both these competitors are now telling each other what their prices are. If this thing had been allowed to take its course the market value of a product made by many manufacturers and sold in large quantities by them all *would have been reduced twenty-per cent with no benefit to anyone.* It is just such things as this that break down the standard of profit of an industry and make it impossible to spend money for constructive things.

Any individual who, to gain a temporary sales advantage for himself, reduces prices to an unsatisfactory profit basis ought to know that he will be met by his competitors as soon as he is found out and that when this takes place that he has only succeeded in breaking down the standard of profit of his whole industry and that it will be but a short time before each manufacturer will be getting his rightful share of the business and the temporary sales advantage will be gone. The lack of appreciation of this fact is a serious matter and by this time the lesson should be learned but it isn't.

The cause for most bad practices is ignorance and lack of confidence. We act upon rumors because we haven't the facts. Rumors are seldom true and should always be carefully checked before accepted as facts. And one big reason for accepting rumors as facts is because we haven't sufficient confidence in our competitors. A policy I have of checking up rumors I know has saved my company thousands of dollars simply because so many of the rumors were not true.

"Fighting Generals" Needed

It is surprising, that men as intelligent as are the men in our industry, should allow themselves to be so easily influenced by their salesmen. I don't blame the salesman for his attitude. Any one of us would feel the same way and probably have felt the same way when we were salesmen. It's tough and nerve breaking to be on the firing line. But the General at headquarters has got to keep his men fighting and when the General weakens there's always a retreat. One of our big troubles is too many weak Generals. You take any sales organization that is turning in a good volume of profitable business; it isn't any different as to the buyers assault, but it knows it has behind it a fighting General. Their courage and determination is a reflection of the General.

Not long ago I attended a sales meeting of one of the factories of our company and I listened to the salesmen's troubles and when I returned to my office I said to myself, "If all the things I heard are so, we'd better close up that factory." But, that factory showed the biggest net earnings of any one of our other factories. Those same salesmen who told me their troubles went out and fought for the right kind of business and got it. Why? Not alone because they were good salesmen but because they were fighting under a good General. A fellow who was fearless, who entertained no feeling of vengeance against his competitors and who knew that if he did business along the line of the least resistance he wouldn't make any money and making money was what he was hired for.

We have had factories of our company lose money and by changing the Generals in charge have turned those factories into profit producers with the same sales force. We hear a lot from each other about the inability of our salesmen but don't you really think the weakness lies in us more than it does in our salesmen.

A competitor told me the other day what his sales and profits were for the year 1924 and a factory of our company in that same town, selling the same class of trade, did 25 per cent less business and made three times the profit. Why? Because the one fixed purpose and idea of the manager of that factory was to make a profit and he fought like the devil and made it.

These things I realize are equally true with others and go to prove that the opportunity to make money exists and that the principal reason why some don't make it is either because their policy is wrong or having a right policy they haven't the courage to carry it out and fall prey to the temptations of false theories as to making things better by making things easier.

Give your salesmen the right to meet any and all competition and see what would happen. Your factory wouldn't run 100 per cent capacity. Your salesmen would still have troubles and your profits would be nothing. Is there any joy in being in a business that doesn't profit? Isn't it better to fight hard and work hard and make a profit than to follow the line of the least resistance and maybe go broke?

Organization should teach us these things and through the right kind of personal contact the weak can be strengthened and our mistakes and their influences eliminated to the betterment of all of us.

Arbitration

A QUESTION that will come to you before long, through the National Confectioners' Association, is the subject of Arbitration. This was first advocated for use in our industry by Mr. H. W. Hoops of the New York State Association and recently it has been turned over to the N. C. A. The first thought conveyed by Arbitration is that it will serve us only as a substitute for litigation, but I feel Arbitration will lead us into a bigger field of endeavor and will set up within our industry a police power, backed up by National and State laws and authorities, and that this power will be the means of correcting many bad practices that have crept into our industry that have not responded to Codes of Ethics, Resolutions and Persuasion.

The Arbitration idea only needs, to make it a powerful factor for good, men within the industry whose personal skirts are clean and who are fearless enough to apply their power impartially in correcting abuses. Many of us have done things we didn't want to do because our competitors did them and I feel it will be found that many will welcome a betterment and voluntarily cooperate in bringing about better conditions when they find that there is power within the industry to make the fellow who won't stop do so.

Other industries have used Arbitration to such a success that it has become a vital part of their everyday business and vehicle for success.

Co-operative Advertising

THERE still remains for our industry a golden opportunity in cooperative advertising and the principal thing which has held back greater progress in this respect is the seeming inability to get the industry lined up under any one authority and plan. There are so many ideas of what should be done that are not harmonized into one thing to be done, that we seem to be drifting along while other industries are spending millions and reaping larger rewards.

If there is any one thing our industry needs more than another it is something that will increase the consumption of our products. One manufacturer may by advertising and by better selling build up a big demand for his products, but this is generally done at some one else's loss of business and not through increased consumption of candy generally.

To increase the general consumption of candy we must give the consumer new reasons for buying candy. The public will consume just about so

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President Gimbal's Address Has Message for Entire Candy Industry

Mr. Eugene Gimbal, of Gimbal Brothers, San Francisco, and Past President Western Confectioners' Association, Gave One of the Best Addresses Which Has Even Been Delivered Before Manufacturers of Our Industry. It Is Just This Kind of Straight, Long Distance Thinking and Constructive Leadership Which Is Bringing the Confectionery Business Into Its Own—Slow but Sure. —Editor.

IF the candy industry as a whole, is not successful in face of records which show the turn-over in the candy business is greater than in other lines of industry, if it is known the members of our Association have not been meeting with the success their experience and efforts coupled with the investments involved justify, it would seem to me the logical thing for our Association in convention assembled to do, in fact its paramount function, would be to endeavor to diagnose the trouble and its causes, and suggest at least to its members, a possible remedy.

In order to do this can we gain any knowledge from the outstanding successes or failures in the business. Can we profit by our past experiences.

During 1923 over 19,000 businesses failed, with liabilities aggregating 625 millions of dollars. Of this number about 700 were large commercial and manufacturing enterprises with total liabilities of 250 million. Of the so-called successful manufacturers in the United States prior to the war one-third earned no profit in 1923 above a normal interest on their investments.

Reasons for Failures

Quoting Bradstreets again they cite, among others, the following five main reasons for failures:

1. Incompetence.
2. Inexperience.
3. Lack of Capital.
4. Unwise Credits.
5. Speculation.

To these five reasons I would like to add a sixth and seventh reason:

6. Lack of Association Co-operation.
7. Stupidity.

It would seem to me some of the reasons for non-success can be passed over and be excused, because perhaps they were handicaps that could not be overcome, but when we run into reasons and conditions the average man can comprehend, if he will, and can correct and overcome and either does not or will not, then it is sheer stupidity and nothing else.

One of the greatest acknowledged factors today entering into the non-success of manufacturers is the problem of costs and this serious and many sided problem could be solved with proper "Association Co-operation," because Association contact means education. Association contact means and stands for a better and clearer understanding of our troubles and problems, and it means the ultimate solution of many, if not most of our difficulties. No proverb ever was uttered that could be better applied to our industry than "In Union there is Strength."

Another strong reason for the non-success of many in our industry is their failure to really want to learn, to really acquire knowledge and profit by it.

"It was little Johnny's first day at school and when all the pupils were assembled and the teacher had called them to order, little Johnny raised his hand and said, "Teacher, I can spell cat and count up to seven and write my own name, so you won't have to bother to teach me very much."

And that is the trouble with many in our industry. In an exaggerated sense that comely little story can be applied to many of us, in fact, most of us. We are so learned we can spell cat and count up to seven and write our names so legibly we don't need any Association or any other teachings. We can shift for ourselves.

Need for More and Better "Team Work"

Can you imagine a baseball or a football team playing a decent or a winning game with each of the players doing as he pleased and all the players trying to work out an individual line of action, without any thought of co-ordinating their play with the other members of the team. If you cannot conceive a successful team working along these lines, how can you imagine an industry, let alone an association, prospering, working in a similar manner.

Association effort and Association unity cannot and should not stifle or curtail individual initiative and individual enterprise, but it can develop and can co-ordinate the line of play and the plan of action, so that the various units can harmonize and work smoothly and efficiently.

With the nucleous our Association provides, it is almost inconceivable that our members cannot recognize and appreciate the benefits that would accrue from a closer affiliation of interests.

But it is the failure of those engaged in our industry to harmonize their common interests through the medium of Association activities, that makes possible the query "What's the matter with the candy business?"

I do not pretend to say Association work is a panacea for all our aches and ills, but I will say that if those engaged in the candy industry could enlist in an Association college and would pledge themselves to take a course in common sense prudence another story in the near future could be told.

It must be admitted though, the candy business, in sympathy with all other businesses, is and has been going through a series of fundamental readjustments. These readjustments have been in progress in American business since 1920. The depression of 1920 and 1921 marked the first stage of the elimination of credit inflation. The downward trend of industrial activity which first became evident about a year ago was the second stage and has shown us in a forceful and unmistakable manner how greatly our productive capacity is in excess of our consumption.

Undermining Practices of Unethical Buyers

This has brought an era of keen competition, with the result, we have a very definite "buyers' market." The buyer today controls the situation and unless his strangle hold can be broken, it is curtains and goodnight to many of us engaged in the industry. It goes without saying manufacturers should

protect themselves against the unethical and undermining practices of a certain class of buyers and I don't know of any way it can be done except through close Association contact.

The retail candy dealer, who today can sell a fair amount of poundage, and is not overly particular about the quality of his merchandise, can almost name his own price and terms. Somewhere, somehow, there is a manufacturer who will provide him with his requirements, irregardless of the cost, assuming the cost is known, and more than likely it is not. It is claimed 90 per cent of the 300,000 manufacturing concerns in this country do not know what it actually costs to produce their products.

Blind business. Ignorance and guesswork take the place of system and knowledge.

One of the greatest curses in our industry is the failure of the manufacturer to seriously consider and apply facts as presented to him either through his accounting department or through his own experiences.

To illustrate this point: Mr. Manufacturer wants to put out a 16-ounce package of Chocolate Dipped Cherries. He secures his boxes, makes up his product, and packs his first lot. His cost as brought down shows he should sell them for $13.25 a dozen to make, say, a ten per cent profit. Knowing several other manufacturers sell this item for $12.00 a dozen, what does he do? Not the sensible thing. Oh, no! This clever manufacturer says, O! There must be some mistake somewhere. If so and so can sell them for $12.00, guess I can and he goes on manufacturing and packing this item month in and month out and instead, perhaps of making ten per cent, actually loses ten per cent.

There are hundreds of manufacturers in our industry who will not apparently see the truth—do not want to know it—and conduct their sales efforts either from guesswork or by following the lead of other manufacturers.

So, can we and in what way, profit by the experiences of the past, and by the known successes in the industry.

To profit by them we must not only study them, but must have the courage, and the will and the backbone to make the necessary sacrifices in order to put the results of our observations and experiences in practice.

Successful manufacturers in the same line of endeavor often reach their goals by different methods or routes. One, it might be by great production coupled with splendid efficiency; another, through the exploitation of certain specialties; another, through restricted production but a high standard of quality, etc. So it would seem while there are several avenues of general success open to the manufacturer, the basic fundamentals, on the other hand, remain the same.

As I see it, gentlemen, manufacturers who wish to be successful, must strive for quality, individuality and price. Without quality and individuality, we are always at the mercy of the buyer and cannot hope for a price. An article of merit can always command a price, and a fair price, commensurate with cost of production and operation, means a profit.

"If we will but watch our faults and our costs, our virtues and our profits will take care of themselves."

The ease with which a Lincoln Junior and a stock of merchandise can be acquired, and the facility with which that or a similar conveyance can go 75 or 100 miles from its home base and return before sundown, has resulted in competitive conditions that were unheard of and unthought of, and which did not exist a few years ago.

A New Distribution Problem

I refer, gentlemen, to what I consider the most serious condition and the greatest problem facing the candy industry today, namely, the condition of distribution and the problem of the jobber.

The candy jobber is here to stay and none of us pretend to think otherwise, but we hope he isn't here to stay in as great a number as at present. Undoubtedly the jobber has brought into our industry, especially in the West, an element of distribution, due to conditions and developments heretofore mentioned, that eventually will seriously and permanently affect the general conduct of the business.

The candy business, from an Association standpoint at least, has certain elements that are not conducive to harmony and co-ordinated viewpoints and it is through and on account of these conditions that common ground in Association work cannot always be found, on which to control the factors that ultimately will affect the industry in general.

Peculiarities of Candy Industry

We have the manufacturer who desires to distribute his product solely through the retailer. Then we have the other manufacturer who desires to go to the jobber exclusively. Then again we have the manufacturer who wants to sell the retailer in his own territory but to the jobber in the other fellow's. Then we still have the manufacturer who desires to sell to both classes of trade.

On the other side of the fence we have the exclusive candy jobber, one who maintains a first rate establishment and several salesmen. Then we have the cigar and candy and the grocer and candy jobber. Then again we have so-called wagon men and also the "Part time" jobber. The retailer who, as a form of recreation and just to "while away the time" as it were, jobs occasionally 50 or 100 boxes of bar goods with perhaps a few other proprietary items, in order to be placed on the jobbing list, so as to secure the bulk of his other stock at inside prices.

Is it any wonder, gentlemen, with all these conflicting elements in the industry that an Association that is striving to serve *all* the manufacturers finds itself in a helpless and awkward position?

The manufacturer who goes to the retailer is anxious to conserve his market, a market that will yield him a reasonable profit. The manufacturer who goes to the jobber, exclusively, is anxious for distribution, at his price of course; the greater the distribution the better it suits him. The grand total result being that today we have jobbers at every cross roads and in every village and hamlet.

These jobbers are being solicited and extended every conceivable inducement by the manufacturers to encourage them to increase their sales on their respective specialties. This is particularly the case in the flattering discounts, prices and special inducements that are offered. Competition being just as keen among the jobbers, if not more so than among the manufacturers, we have the only possible result, the breaking down of what we might term the market, the reasonable and just market price of these various commodities.

With the breaking down of these resale prices we are forcing an intolerable situation on both manufacturer and jobber, and gentlemen, while I hate to admit it, if these destructive conditions, which are sapping the very life blood of the business, namely the profits, cannot be righted and these different factions shown the error of their ways, and brought into closer contact and working relationship, it is simply sooner or later going to be a case of "the survival of the fittest" and a "dog eat dog" policy, and God pity the underdog.

What Is Needed

What is sorely needed in the industry is truer, higher and more practical ideals, together with honest competition and a better understanding of the problems confronting us, with a full realization of the fact that profits are not affected so much by conditions outside of the industry as by the destruc-

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Some Causes and Cures for the Low Average Profits in Candy Business

by John Glossinger

Sales Manager, Williamson Candy Co.

An Impromptu Talk Before the Western Confectioners' Association at Los Angeles.

I THINK the one big job before us as an industry is to put our businesses on a profit making basis. Some of those in the industry do not make a profit to which they are entitled and for that there are due reasons, and I think the time will come when some man will rise in the confectionery business and deliver a message and perhaps say some things that are not pleasing to hear—they may burn like red hot iron, but nevertheless they should be said by someone qualified to make it. I would like to deal with that feature of our business—that is the average low profit of the confectionery business and what are the causes.

I think the chief cause is that we are too apt to let the other fellow do our thinking; we are too apt, too eager to follow the crowd. And I will say this, that anyone who follows the crowd will not make money. You can never build up an industry with the policy of how cheap you can live and for how little you can sell. In this country the "crowd" of candy manufacturers are all trying to make five cent pieces. When the crowd are going on that basis you might as well stay out of it because they won't let you make any money. We welcome all those who are manufacturing ten cent pieces. Every man who makes a ten cent piece just widens the field that much. The more work there is done in that field the more consumers are encouraged to spend ten cents. It is not what the many are doing but what the few are doing that will profit you.

Cut Prices and Weak Salesmen

Mr. Sweet referred to cut prices. There is a way to correct cut prices without getting in any way in conflict with the law, because there is no law preventing a man from making a profit. There is no law deciding then just what you shall do or shall not do. The law refers to agreements between competitors. You do not have to agree. All you need to do is to decide within yourself. Decide what is the right price and quality of your own product and go your own way and paddle your own canoe. If you have something the public wants they will stick to you and follow you regardless of what your competitor does. I think some of us think of our competitor as someone who is in the industry with us. Our competitor is the consumer; he is the man we want to win over. The man who is working with us in the same line of business is not against us. He is helping us, helping us to make our industry larger than before.

Coming back to cut prices. I want to say that cut prices are due—first to salesmen—and I want to be classed as a salesman. It is the proudest title I know of. You notice in every sales organization there are one or two strong men who do not need any cut prices, who can always sell their goods in enlarged volume, always get their prices. But the man who needs help is the weak man. It is not the weaker men who are making your business. It is the big strong salesmen who make your business.

I think, too, that the selling ability in our industry is below what it is in other lines. We lack selling ability and selling knowlege. We lack originality. We are too apt to follow what the other fellow does. It is the original man who usually makes the money. That is the thought I want to leave with you—that is, the bold thinker, the man who blazes new trails and does new things, that makes the money in our business.

Epidemic of New Pieces

Another thing—I notice in our industry we get rid of a selling item too quickly. We get out a piece of goods and run it into the ground and then we make something else. If you have something the public wants why not keep it? If your sales fail, work on it, don't give it up. If you had less pieces and put more activity on those you have you are more apt to make money in your business. It is getting new pieces to the public continually that confuses the public. There cannot be profit in always introducing new pieces because I don't need to tell you what it means in new labels, packing materials, etc. Concentrate on a good piece and then stick to it.

Have Courage in Your Own Convictions

I think another thing that is prevalent in the industry is a lack of courage. Fear is a most destructive force in business. Fear does not get us anywhere. Stick to your own program and just drop fear from your vocabulary. There is profit in originality, backed by courage in industry, but there is no profit in fear.

Who Profited by Repeal of Excise Tax?

We can never forget that long courageous fight that Mr. Hughes made for the repeal of the tax. Day in day out, all over the country, he preached the gospel that the industry could not bear the burden. He carried the flag and he absolutely won. What happened? Gentlemen, what happened I think is a disgrace. Before that tax was in effect I attended a meeting in Chicago and at that meeting I made a proposal that every manufacturer would get up and make a statement of what he would do about the tax. But before that meeting was over I found that some manufacturers even while they were paying the tax were giving it away. They paid it out of their profit and when the opportunity came to give it away they gave it away—and what a reward that was for Mr. Hughes and the long expensive fight by our National Confectioner's Association!

An Optimistic Outlook

Now I have said some things about the dark side of the picture and I want to speak of the bright side. We are in a great industry—there is no quetsion of that—a coming industry because the American people have made a habit of eating confectionery. Let me cite to what has happened in the cigarette industry. You can cite that as a habit because the American people have made a habit of it. In 1907 they produced the immense total of five and a half billion cigarettes. I was talking to one of the officials at that time and he said that total could not be made again. He said, "we have filled this country with cigarettes." But to show you how mistaken he was, in 1911 the production was over eleven billion cigarettes; in 1924, sixty billion cigarettes! Where did it come from? Could you imagine the American people could consume such a quantity? How was it developed? By searching out new tastes and getting the people using more and more and more—and that is what our industry can do.

Our future is just as promising in 1925 as in 1907, every bit. *What we have to think of is not volume—it is*

profit. Nothing can be built except out of profit. Losses never built anything. You are going to build your business out of the money you *make* in your business and that is what is going to happen as an industry—I hope to see it.

What Holds a Customer

I have heard people say, "How in the world am I going to meet the price when my competitor sells at a certain price?" Did you ever stop to analyze why your customer trades with you? He trades with you because he has confidence in you. You are fair in your dealings and he likes your salesmen. What are the things combined in that—it is good will. Did you ever try to sell it? It can be sold just as well as merchandise. It has a value as well as mechandise. Practically all you manufacturers have losses. You have lost a customer on account of somebody having taken him away on cut prices. Then some day he walks in and gives you his business again. He found the price cutter did not give him the value you gave him and he found your good will of far greater value than what the price cutter gave him. If you have that good will why not use it? If a man cuts your price you say, "I don't care what he does, I am going to sell what I have at my price.

This year I didn't want to make any reference to my company, but I do want to make a reference in this case—we are venturing into the general consumer magazines with $150,000. It is a very risky experience. I told Mr. Williamson he could get just the same result for $25,000. He said "No, we are going into the magazines for just one purpose. We are going to advertise to the housewives, using the Ladies' Home Journal, Good Housekeeping, etc., and this publicity is to encourage the slicing of candy in the home." If Mr. Williamson accomplishes that he opens the door for everyone in the industry.

I was pleased to read in the morning paper you are talking about advertising—a splendid thing to do. We hope to see more of it. The more people advertise the more people are converted to its use. It widens the field for everybody in the business. You not only make it profitable for yourself but for the other man in the business. You are working for him as well as for yourself, but the big thing is that you are building up this big industry to what it can be and to what will be by courageous effort. I thank you.

Constructive Co-operation

(*Continued from page* 25)

much candy in the regular way and to get it to consume more candy we must provide a suggestive force that will have convincing reasons behind it. And I have been unable to find better reasons than exist through the use of the holidays.

On each of these days there is a sentiment attached that will influence action when the right suggestion is made. And, I believe we will see the day when our holidays will have a greater influence upon our business throughout the year. But to accomplish this we must do something in the way of cooperative advertising to popularize these holidays and bring them into line with Easter. I appreciate fully that package goods tie up more readily the gift sentiment prevailing on the holidays, but it has been proven that the sale of bulk goods, when properly displayed and merchandised, can be increased very materially through the holiday idea.

Take one case as an example of cooperative advertising on the holidays and that is on St. Valentine's Day by advertising nothing more than the slogan, "MAKE CANDY YOUR VALENTINE." With a proper tie up with this idea by manufacturer and retailer, we could have a Valentine season the same as an Easter season.

The Distributing Retailer

I can pass up the opportunity of saying something to you on an old hobby of mine and that is, doing something for the Distributing Retailer to help him sell more candy and cope with the problem of his competition with the Chain Store, Syndicate Store and Manufacturing Retailer. I know that many of you are doing much to help your retailers, but as an industry we're doing all too little, and as this Retailer is the source of distribution of our products to the consumer it is vitally important that we keep him alive and progressing.

The work which the Publicity Department of the National Confectioners' Association has been doing has shown much progress and a broader interest but there are so many who neither individually nor through the National Confectioners' Association are doing nothing for the Retailer that it seems proper that I should again emphasize the importance of this work.

I know it pays those who are doing it and I earnestly hope that more work for the Retailer will be done and that in our sales efforts we will realize that by showing the Retailer how to sell more candy and by giving him the advertising help to do it we will not only increase our own sales but will keep our Retailers alive and in employment of up-to-date methods of selling.

Resume

In closing I want if I can to impress upon you the vital importance to each one of you of cooperation with each other. I know that conditions are far from satisfactory and that you have had much to discourage you and that this has had a tendency to slacken your cooperative efforts, but there is nothing to take the place of cooperation and without the contact you have with each other a complete estrangement would take place and rumor would be your guiding influence and source of information and this would make chaos and trouble for you all.

But in your cooperative efforts you must put in constructive work as well as information and friendships. You must spend your money for the common good knowing from same you will reap your share of the benefits.

Every man in the candy business is there for the money he can make out of it and I feel sure that every one is also anxious to make more out of it that he is doing and that this desire will lead many offenders into the fold providing you will strengthen your activities and not let the disappointments you have had lead you to lessen your cooperative activities.

It always has and always will pay to cooperate and the worse the situation the more necessary is cooperation.

The Sales Manager's Part in Cutting Selling Costs

by A. H. Deute

General Sales Manager, The Borden Company

WHEN I was working for John Vogan, in Portland, Oregon, trying to sell candy, I used to look longingly on the green fields of Hawaii, Alaska, China and South America. I used to present fine statements of prospective business in such far-off markets and my statistics were irrefutable.

Vogan would agree with me. Undoubtedly there was big volume to be had. He would apparently enter into the spirit of the thing and then suggest that the charts and maps were fine in so far as they went, but we had done only half the job. We had not worked out the statistics that had to do with collecting the money from those far-off fields.

Then he would bring out an infallible business formula: "What share of the gross business in our logical territory are we getting?"

Looking at it that way, the percentage of the home business was never enough. So we would go back to work, making plans for getting more business in our own backyard, where, after all, it was the easiest to get and take care of.

During the last few months there has arisen a wave of discussion about bringing down the cost of selling. It is well that such discussions arise, otherwise there is no telling to what lengths unbridled sales enthusiasm would extend. Sales management that does not comprehend financial management is dangerous. It is ruinous to the firm and to the entire industry.

But just as surely as the general cost of selling should come down, so surely is it necessary that the way it is brought down must be carefully studied. Otherwise it is apt to work out as disastrously as in the case of the overly fat man who wants to take off fifty pounds. He knows he should be fifty pounds lighter. There is no argument on that score. But unless he goes about taking off that fifty pounds along the sane lines, the act of reducing may do him much more harm than good.

So when the statements show that the general selling cost must come down, let us say, 10 cents per unit, it is not enough to say it must come down and let it go at that.

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Of course there can and always must be a careful study of such items as traveling expenses and the routing of salesmen, and whether there are too many salesmen or not. There is always the problem of whether or not the total advertising appropriation is too big or too little to get the best results. Sometimes lowering the advertising appropriation will solve the problem. But just as often increasing the appropriation will solve it.

Often the temptation is to decide that the sales force is too high-priced—that the line is so well known that cheaper men could do just as well.

But, on the other hand, it isn't what a man is paid in gross dollars, but what he is showing in volume compared to gross earnings that counts.

We come along then to another place to look for high selling costs and that is: "Where are we getting our business?"

Getting Volume from Half the Territory

A certain manufacturer was doing a gross business of approximately $1,000,000 a year. He was running his plant at comfortable capacity. To increase production to any extent meant a considerable investment. It would also mean an increase of 30 to 50 per cent before his manufacturing cost would be as favorable as it was in the small plant running to comfortable capacity.

But he was not making the profit he should be making from his volume. His manufacturing cost was right. His sales force was not liberally paid. The salesmen's traveling expenses were carefully checked over and were found to be as low as they could be brought.

He went a step farther and found that in the territory which he had for years called "his market" he was doing only 10 per cent of the volume of business done in his commodity.

If he could do his million-dollar business in half his present territory, he would be doing only 20 per cent of the volume in that market. That was not trying to go beyond the point of comfortable saturation. In fact, if he were getting 20 per cent of the volume near home, he would be deriving the benefit of a greater consumer demand and of the consequent momentum.

Also, if he could do a million dollars' worth near home, he could work the territory with five men instead of ten. Equally important was the fact that the five men he could drop were all men on the road all the time, while of the five he would keep two were city men in his home city who had no traveling expenses.

Intensively Cultivating Home Market

The five men who traveled in the outlying territory cost him approximately $2,500 a month—$30,000 a year.

Here is what he did. Without changing his selling plan, so far as outward indications went, he undertook to spend an additional $1,000 a month in local advertising in his home town. The local newspapers covered the city and the nearby towns. There was where he wanted to get $500,000 a year more business.

Within ninety days, his extra advertising effort and the close attention he paid to local business brought his volume up to the point where he could drop his two most distant salesmen. He kept what he could get of the distant business in response to circular letters, but so long as he held his gross monthly volume he was perfectly satisfied to trade distant business for local business. The moment he dropped his two outlying territories he was breaking even because the selling expense be saved offset the extra advertising at home.

A little later he abandoned a third distant market as his local business increased sufficiently and he was $500 a month ahead.

Without any break in his volume, without any change in price, simply by making up his mind where his market lay and then developing business where he should have it, he turned a business making only a mediocre profit into one showing sound earnings.

Cutting Cost of Selling

He went a step further. He entrenched himself much more firmly in

his home market. The added volume meant more friends near home. The additional advertising made him a more dominant factor in his home market. When, a little later, an outside concern undertook to invade his market, it found him firmly entrenched in a compact, well-organized territory, backed up by a centralized advertising campaign which made outside invasion practically impossible, except at a cost which few would care to undertake.

As we progress one fact becomes more and more apparent: there is no set formula for reducing the cost of selling in every business house that must find a way to reduce the cost.

At a time when cutting the cost of selling becomes the fashionable and favorite sport, there is a very, very grave danger of a leaning backward. There is always the danger, too, of the operation of cutting being performed by men who mean well and are without doubt thoroughly excellent and drastic cutters, but whose cutting is done with utter disregard of consequences—mainly because they show a thorough lack of understanding of the cutting process.

There is the story of the treasurer of a concern who was commissioned to make savings. He looked upon the sum of half a million dollars for advertising and his tongue rolled around in his mouth. His eyes shone in unholy joy. He would cut the sum in two. He would "save" a quarter of a million at one fell swoop.

Fortunately for that particular house, the man in charge of sales was an active sales manager who happened to be on the board of directors. When the recommendation was made, he concurred sweetly with the treasurer that a quarter of a million saved would be a splendid accomplishment. He suggested, though, that the quarter million, instead of all coming from the advertising, where it insured against consumers listening to the honeyed blandishments of other concerns, be divided between advertising and fire insurance, life insurance on executives and such other forms of safeguarding the business. His theory was that it was really easier to replace the material elements of a plant than to win back the good-will which would slip away without adequate insurance for its protection.

I don't believe that there is a sales manager or an advertising manager in the country who believes that it would be possible to find among the members of Congress a group of men well enough versed in advertising and sales management intelligently and reasonably to reduce the cost of distribution. If anybody can do that, it ought to be the advertising managers and sales managers themselves. To have the treasurer of a company do it or have the family banker do it is bad enough —but a Congressional advertising pruning committee would be very, very trying.

Yet such a possibility is not any too remote. Possibly the best way to get along without outside help in this matter is for the sales manager to do the job first and do it so thoroughly that outside help won't be needed.

It was in the wholesale grocery field. In both markets there were large, old-line jobbers, shipping out from great central houses to far-distant points—their logical markets. Retail merchants in those days bought in proportionately large lots—the jobbers were brand builders.

Transition in Merchandising

Retail and wholesale merchandising changed. People began to buy from hand to mouth. Families no longer clung to the habit of laying in a winter's supply of ham, bacon, flour and what not. The cash grocer became a fact as well as a store sign. The retailer, to meet the situation and compete against the new competition, began to buy oftener and in smaller lots. The small local jobber came into being. He came to render a service for which there was demand. These small local jobbers proved greatly annoying to the big old-line jobbers.

In one of these two big markets, the jobbers developed the practice of throwing out branch houses and distributing houses of their own, not only to compete with the new up-country jobbers, but to keep ahead of them, doing it to render a new service to meet a changing condition. Today those old-line houses, offering a service as advanced now as was their 1900 service in 1900, are as dominant and useful and prosperous as in years gone by.

In the other market the various jobbers remained at their posts. They either ignored or disparaged the efforts of the small up-country competition. Today they are doing only a fraction of the business they might have been doing. They are blaming everybody and everything, mostly "the times" and "conditions."

Today, the concern that is to go ahead and make progress at a profit has a fine, big, broad problem for the worth-while sales manager to solve.

Norway's Factory Inspector

(*Continued from Page* 22.)

with a lunchroom adorned with piano, inviting tables and chairs of Swedish birch and wall panels by one of the best Norwegian painters. Chocolate dippers and packers eat their lunches here every day, the packets which they have left in the basement in the morning being sent up in baskets to save them a time-consuming trip back downstairs. Hot chocolate is served along with the lunches, the piano is in use, the pictures on the wall invite the thoughts afar off and then the employes scatter to the garden and miniature park with which the company has replaced some dingy, crowded old buildings. A ten-minute walk up the hill are the tenant houses which the company provides for a limited number of employes, the model homes and gardens being rented for a small sum.

By Marjorie Schuler in Our World Weekly.

President Gimbal's Address

(*Continued from page 27*)

tive, cut-throat competition and policies within the industry itself.

The tearing down processes that are constantly at work undermining the efforts, results and good will of the intelligent, sincere and uplifting personnel in the industry, must be controlled, if disruptive consequences are to be avoided and better conditions hoped for.

Better Results With Salesmen's Schedule

A Route List Showing All Dealers, Buyers and Buying Hours Proves Valuable

WHILE some salesmen plan their calls to get in the greatest number each day, we have found that many do not know how to utilize their time to the best advantage. We, therefore, require each salesman to provide us with a route list showing the order in which customers should be called upon in any town and the most convenient time to find the buyer at liberty. If there are any firms in the town whom the salesman does not call on, he is supposed to give their names and indicate the reasons.

Such a schedule and list serve two purposes. We can go over it with the salesman and determine whether he is covering the territory thoroughly and economically. Second, in case it is necessary for anyone else to cover his territory for him, it saves a great deal of time for the new man to have this list. It is also easy to determine whether or not all of the prospects are being called upon.

An experienced salesman knows that many calls can be made to better advantage early in the morning, while other buyers prefer to see salesmen late in the afternoon or just after closing time. Many stores in downtown sections and select residential districts do not object to early Saturday morning calls. The capable salesman expects as a matter of course to work any number of hours a day in order to get in the calls possible and to cover his territory in the allotted time. Nevertheless, there are others who have never formed the habit of getting an early start in their day's work and are inclined to quit rather early in the afternoon unless they are given a definite schedule to live up to.

We have also discontinued the practice of bringing salesmen in to the factory on Saturday because we have found that it is possible for salesmen to see customers on Saturdays.

This method of requiring salesmen to plan their calls and live up to a schedule as well as seeing customers on Saturdays when possible has increased the number of calls considerably, with a corresponding increase in the volume of sales. When dealers realize that the salesman is working on a schedule they are much more inclined to fit their time into his.

Salesmen can save a great deal of time in traveling if they plan to reach the larger towns in their territory in time to start work promptly in the morning. Some men waste considerable time going to the hotel and registering before they begin their calls. If a man does not reach his destination until late in the morning he can postpone visiting the hotel until noontime. When he is not going to spend a night in the city, the salesman can save time and expense by leaving his things at the station where they will be easily available when he is ready to leave. It pays both in the saving of time and money for a salesman to plan carefully his schedule. If a man knows in advance just how many calls he must get in during the day and when his train leaves for his next town, he will gain considerable time over the man who leaves these things to be settled when he reaches his destination.

Salesmen's meetings waste considerable valuable time if held too frequently. Without a question a sales force should be brought together once or twice each season, but it is hardly necessary to hold meetings weekly.

There are many ways in which an energetic salesman can economize in time, and as a general rule it will be found that the salesman who makes the greatest number of calls per day will under ordinary circumstances turn in the greatest number of orders.

How Production Dept. Helps Sales

(*Continued from page* 14)

ages and variety of candy. His principal suggestion was voiced in this manner:

"The salesman needs something new to talk about whenever he visits a customer. While I appreciate the importance of repeat business and staple lines, nevertheless we find that it helps to have some new thing to show a customer each time that you visit him. Then when you have aroused his interest and he is in a buying frame of mind he will gladly give you an order for your regular products, but it takes new items to catch the buyer's eye and to hold his attention.

"Dealers want something new to put in their windows. They like to be the first in their locality to display a new item. If some one else brings out a particularly attractive piece or a good selling assortment, your regular customers expect you to supply them with similar items. If you don't have these new items, the dealer will buy from the firm that has them."

How Sales Dept. Helps Production Profits

(*Continued from page* 15)

which would enable us to aid him. He reported that he could not sell a certain bar in the New York state territory because a competitor was offering the same thing at several cents less per dozen. We told him to send in a sample or to tell us just what kind of a center it contained and whether it weighed full two ounces. Over a month has elapsed and we are still without the information which we need.

"Frankly, I suspect that when he came to check up the competitor's bar he was ashamed of himself for not having investigated it in the first place and finding out for himself why the other firm's bar was not as good value as ours.

"Salesmen ought to bring us in more new ideas, not alone for new pieces, but about package sales helps, advertising and displays. In doing this, however, they should use some judgment and not expect a high-grade chocolate house to try to compete with manufacturers of low-priced bulk or specialty goods.

"We should like to know why some items sell better than others. Certainly the man calling on a number of customers each day ought to be able to get such information. Here is an illustration: For a long time our selling force has been urging us to get out an all nut and fruit center mixture to sell for around a dollar and a quarter a pound. We did this, but it was a failure. Why? I don't know, but frankly I do not believe there are as many people who really prefer nut and fruit centers as we think. Certainly not enough are willing to pay twenty-five cents more per pound. I believe that many people rather prefer some creamy centers, butter crisps, caramel or nougat centers as well as nuts and fruits.

"We find that when we want accurate information it saves time to go out and visit the trade ourselves, instead of depending upon the sales force to supply it."

From a fourth source came a confirmation of the statement made by others, that salesmen seem to be more interested in making big sales than in selling the more profitable items. They are enthusiastic about an item when it is selling well, so much so that they forget the "bread and butter" items that help keep the factory production schedule properly balanced. Then just as soon as an item begins to slow up or sales resistance increases, they switch to something easier.

A Sales Manager's Fourteen Points

When the Salesman Asks for a Promotion He in Turn Is Asked to Check Up on These Fourteen Counts:

Digested from "Printers' Ink" by The Radian

A SALES manager for a men's wear product has fourteen points by which, he tells his sales force, any man can win promotion as fast as he deserves it.

(1) Look to your own job and see that it is being done better than before.

(2) Forget the clock.

(3) Worry less about your troubles.

(4) Worry more about how to give the customer resale ideas.

(5) Cultivate confidence by having confidence in the house and in yourself.

(6) Do more than you are paid for. A man who will work only from 9 to 5 will always remain a salesman. A man who takes his business home with him, will be an owner some day.

(7) If you can't find romance and interest in your job, and if you can't really fall in love with it—then you are in the wrong job.

(8) Mix a lot of good foot work with a fair amount of brain work and the Big Chief can't help noticing you.

(9) Follow up the calls you missed with some intelligent letters based on a knowledge of the customer's business and what he is trying to accomplish.

(10) The more attention you pay to your job after the whistle blows the more attention you will receive when promotions are being handed out.

(11) Give freely of your ideas to the men you are paid to call upon. Feet don't rate as high in the market-place as brains.

(12) Don't be too busy to read. You have the same number of hours each day as Thomas Edison or Mussolini or the President of the United States. Analyze the way you use each day and you will find plenty of time to read.

(13) Keep fit in health. Take some regular exercise in the open air. Buyers like to be called on by men who radiate health.

(14) Study your own job. Study your prospect's business. Help him with new ideas. Help other men in your own organization. Then get ready for promotion. You can't dodge it.

Mr. Koplin at the Picardy Candy Ball

AT A RECENT masquerade given by the Picardy Candy Shops, Mr. Koplin, dressed like a stick stick of candy, in a white suit with red stripes, made the hit of the occasion. Mr. Koplin is Picardy's factory superintendent—an all-around candy maker of both the old and new school. He has a host of friends in the candy fraternity on this side of the border who will be glad to see him looking so hale and hearty.

Mr. Koplin was born in Akron, O., served five years with Caswell & Olderfield of that city. Later he has been associated with De Klyne's of Cleveland, John Craig Candy Co. of Indianapolis, Franklin Candy Co. of Salt Lake City, Christopher's of Los Angeles, and Buck Candy Co. of Saskatoon. He has been with Picardy Candy Shops since the inception of their business three years ago.

The Picardy Candy, Ltd., now has a three-story factory in Winnipeg which supplies their eight retail stores in Winnipeg and sixty-five agencies throughout Western Canada. Twenty-two carloads of the Picardy Corn Cobs were sold throughout Canada last year and manufacturing rights on this popular confection have been granted to five firms in the United States, viz.: George Close Co. of Cambridge; Up-to-Date Candy Co., New York; Euclid Candy Co., Cleveland; Sanitary Food Mfg. Co., St. Paul, and G. H. Thompson, Inc., of Seattle.

News Digest

Cascade Industries Co., Inc., Cascade, Maryland, have changed their name to Blue Mountain Chocolate Co., Inc. The personnel of the organization remains the same.

The R. C. Boeckel Factory has been sold to York Caramel Co. of York, Penn. R. C. Boeckel and George W. Williams of R. C. Boeckel & Co. will retire from the business. The York Caramel Co. organized recently with the following officers: Arno E. Sanders, Lancaster, president; William Bierly, Baltimore, vice-president; Charles E. Fisher, Columbia, treasurer; William H. McDowell, Baltimore, secretary.

Joseph Rowntree, formerly proprietor of Rowntree & Co., Ltd., one of the largest chocolate plants in the world, passed away at his home in York, England.

Kamargo Candy Company, Watertown, N. Y., has been sold to the One-Way Stores, of which E. G. Charlebois is the head. The manufacturing of confectionery will be continued under the management of Mr. Smith as formerly.

William M. Heppe, a partner in the candy manufacturing firm of Heppe Bros., Philadelphia, passed away February 18th. Mr. Heppe was associated with his brother, Leroy Heppe, and since his death Leroy Heppe has sold the machinery in their recently equipped plant and discontinued the manufacture of confections.

The G. A. Duerler Manufacturing Company of San Antonio, Tex., are constructing a new refrigerating plant which will be devoted to the storage of pecans exclusively. It is the intention of the Duerler Company to store the nuts in their shells until required for use. In this way, it is claimed, the flavor can be kept longer and the quality of the nut greatly strengthened.

Mr. W. S. Huntington (J. C. Huntington Co.), Philadelphia, has sold his business, confectioners and bakers supplies, to H. J. Kuhnle & Co., 22 Letitia street, Philadelphia. Mr. Huntington has entered the retail manufacturing confectionery field, having purchased the Franz Candy Shop, 4139 Lancaster avenue, Philadelphia.

Patterson Candy Company, Toronto, Canada, suffered a severe loss through fire.

The Postum Cereal Co., Battle Creek, Michigan, have put on an extensive campaign for their new chocolate bran confection. They have directed their newspaper copy to the mothers, calling attention to the dietary value of their confection for children. The piece retails for 5 cents and we understand is composed of 30 per cent bran and the balance of milk chocolate, supplied by a well-known chocolate manufacturer specializing in quality coatings.

The Retail Confectioners' Association of Philadelphia issued a very attractive and elaborate program for their annual meeting, held February 18th. They are a live crowd of retailer manufacturers and keep things moving the year around. A Mother Day committee is on the job raising money for their campaign and making extensive plans for the "biggest and best" Mothers' Day sales in the history of their organization.